Government of
Saskatchewan

Annual Report
1987-88

Saskatchewan Legislative Assembly Members Superannuation Fund

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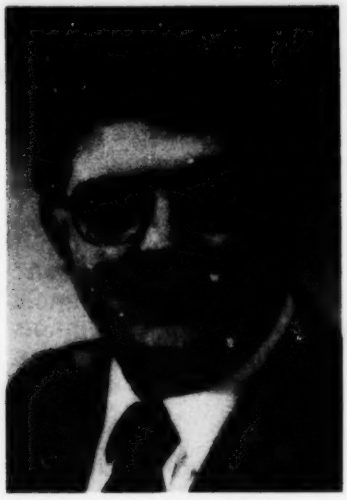

The Honourable Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to transmit herewith the Annual Report of the Members of the Legislative Assembly Superannuation Fund for the year ending March 31, 1988.

I have the honour to be, Madam,

Your Obedient Servant,

Eric Berntson
Minister in Charge

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Background

The Members of the Legislative Assembly Superannuation Fund was created to provide a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

The Fund is comprised of two pension plans: a unit benefit (formula) plan for members who were first elected prior to April 1, 1979, and a money purchase plan for those members first elected on or after April 1, 1979.

Members of the unit benefit plan may elect to transfer to the money purchase plan at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

Operation of the Fund

The Fund is credited with contributions and interest paid by members and former members, interest earned and any other revenue accruing from the investment of monies in the Fund, and such amounts paid by the Minister of Finance as may be required to make it possible at all times to pay the allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act. Payments are made out of the Fund for pensions, annuities, supplementary allowances and refunds of contributions. As a matter of course, the acquisition and disposition of the various assets of the Fund results in the payment of monies out of and receipt of monies into the Fund.

Contributions

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund; as well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions and is required by the Act to make certain additional contributions to the Fund.

Contributions by members for the year ended March 31, 1988 totaled $302,406.

In 1987-88, 17 members contributed to the unit benefit plan and 47 members contributed to the money purchase plan.

Pensions

The Fund paid pensions to 113 former members and spouses of former members throughout the year. Pensions under the unit benefit plan were based on a formula which included years of service and an average salary figure for some portion of that service. Pensions under the money purchase plan were provided in the form of a life annuity purchased with the funds standing to a member's credit at retirement. Pensions may also have included a supplementary allowance paid in accordance with the Act. Pensions for the year totaled $1,384,628.

Investments

During the year, the Investment and Financial Services Division of Saskatchewan Finance invested the monies of the Fund. The value of the investments (at cost) at March 31, 1988 was $4,016,411.

Administration

In accordance with subsection 3(6) of the Act, the necessary expenses of administering the Fund for 1987-88 were paid out of the Consolidated Fund.

Administration of the plans is presently assigned to the Public Employees Benefits Agency of the Department of Finance.

Members of the Legislative Assembly Superannuation Fund

Financial Statements

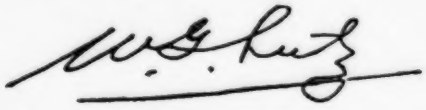
for the Year Ended March 31, 1988

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Members of the Legislative Assembly Superannuation Fund as at March 31, 1988 and the statements of revenue, expenditure and fund equity and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
March 8, 1989

W. G. Lutz, F.C.A.,
Provincial Auditor.

Members of the Legislative Assembly
Superannuation Fund
Balance Sheet
As At March 31

	1988	1987
Assets		
Cash	$ 1,728	$ 9,984
Members' contributions receivable	83,547	8,816
Minister of Finance contributions receivable	91,930	32,007
Accounts receivable	582	1,014
Accrued interest receivable	98,652	90,321
Investments (Note 1) (Schedule 1) (Market value 1988 — $4,147,344; 1987 — $3,861,119)	4,016,411	3,367,119
	$ 4,292,850	$ 3,509,261
Liabilities and Fund Equity		
Accounts payable	3,810	—
Allowances payable	4,275	—
Fund equity, Unit Benefit Plan (Statement 2, Note 4)	257,044	273,735
Fund equity, Money Purchase Plan (Statement 2, Note 2)	4,027,721	3,235,526
	$ 4,292,850	$ 3,509,261

(See accompanying notes to the financial statements)

Members of the Legislative Assembly
Superannuation Fund
Statement of Revenue, Expenditure and Fund Equity
Year Ended March 31

	1988			1987
	Unit Benefit Plan	Money Purchase Plan	Total	Total
Revenue				
Contributions by Members of the Legislative Assembly	$ 82,511	$ 219,895	$ 302,406	$ 260,509
Contributions by the Minister of Finance	1,259,035	239,105	1,498,140	1,076,836
Investment income	4,070	388,202	392,272	337,078
Gain on investment disposals	—	20,160	20,160	106,938
	1,345,616	867,362	2,212,978	1,781,361
Expenditure				
Annual allowance	1,362,307	22,321	1,384,628	1,326,516
Annuity contract purchases — private	—	52,846	52,846	—
	1,362,307	75,167	1,437,474	1,326,516
Excess/(Deficiency) of revenue over expenditure	(16,691)	792,195	775,504	454,845
Fund equity, beginning of year	273,735	3,235,526	3,509,261	3,054,416
Fund equity, end of year	$ 257,044	$ 4,027,721	$ 4,284,765	$ 3,509,261

(See accompanying notes to the financial statements)

Members of the Legislative Assembly
Superannuation Fund
Statement of Changes in Cash Resources
Year Ended March 31

	1988	1987
Source of Cash:		
Operations:		
Contributions by Members of the Legislative Assembly	$ 227,675	$ 312,923
Contributions by the Minister of Finance	1,438,216	1,205,467
Investment income	383,518	331,885
Gain on Investment Disposal	20,160	106,938
Other	4,665	—
	2,074,234	1,957,213
Investing Activities:		
Proceeds from sale of investments	5,760,384	3,619,741
	7,834,618	5,576,954
Application of Cash:		
Operations:		
Annual Allowances	1,380,352	1,331,734
Annuity contract purchase — private	52,846	—
	1,433,198	1,331,734
Investing Activities:		
Purchase of investments	6,409,676	4,249,521
	7,842,874	5,581,255
(Decrease)/Increase in cash	(8,256)	(4,301)
Cash balance, beginning of year	9,984	14,285
Cash balance, end of year — to Statement 1	$ 1,728	$ 9,984

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Notes to Financial Statements March 31, 1988

1. **Significant Accounting Policies**

   a) **Investments**

   The Fund records all investment transactions at cost. Any difference between cost and par value is not amortized. Gains and losses are fully recognized in the year of disposal.

   b) **Allocation of Income**

   Investment income is allocated to the Money Purchase Plan based on actual earnings of all long term investments purchased since 1979 and a proportionate share of all short term investment holdings during the year. The interest rate declared is then multiplied by the members' average equity balance for the year.

2. **Authority**

   The Superannuation Fund operates under the authority of The Members of the Legislative Assembly Superannuation Act, 1979 for the purpose of providing a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly. Members elected after April 1, 1979 contribute to the "money purchase plan".

3. **Statutory Reporting Requirements**

   In accordance with Section 42 of The Members of the Legislative Assembly Superannuation Act, 1979 the following information is provided:

	1988	1987
Contributors to the Fund		
Unit Benefit Plan	17	17
Money Purchase Plan	47	47

   During the year 113 superannuates received allowances (1986/87 — 111).

4. **Actuarial Valuation Unit Benefit Plan**

   The last actuarial valuation of the fund as at March 31, 1986 determined that there was an unfunded liability of $15,695,805 for service to the valuation date.

   Legislation provides for the Minister of Finance to pay to the Fund an amount equal to contributions of the members, and any further amounts that may be required to pay allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act, 1979.

5. **Related Party Transactions**

   In accordance with Section 3(6) of The Members of the Legislative Assembly Superannuation Act, 1979 the necessary expenses of administering the fund are paid out of the consolidated fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.

6. **Subsequent Events**

a) **Administration Expenses**

On June 28, 1988 subsection 3(6) of The Members of the Legislative Assembly Superannuation Act was amended through the passing of The Department of Revenue and Financial Services Consequential Amendment Act, 1988. The amendment, which is retroactive to April 1, 1988 establishes that sums required for the purpose of administering the Members of the Legislative Assembly Superannuation Fund shall be a charge on and paid out of that Fund. The annual operating expenditures for the 1988-89 year associated with the Fund's administration are estimated to be $33,000 and will be paid to the Public Employees Benefits Agency Revolving Fund.

b) **Investment Administration and Management Fees**

Further revisions to The Members of the Legislative Assembly Superannuation Act occurred on December 1, 1988 with the proclamation of The Investment Provisions Amendment Act.

In June, 1988 the Minister of Finance, on behalf of the Members of the Legislative Assembly Superannuation Fund, purchased 1,243 class B shares and 100 class A shares in The Investment Corporation of Saskatchewan. The Investment Corporation of Saskatchewan provides investment services to its shareholders and charges investment management fees for its services. The Investment Corporation of Saskatchewan commenced charging The Members of the Legislative Assembly Superannuation Fund for its services on December 1, 1988.

Schedule 1

Members of the Legislative Assembly Superannuation Fund

Schedule of Investment Transactions Year Ended March 31, 1988

(Provided in accordance with the provisions of Section 42 of The Members of the Legislative Assembly Superannuation Act, 1979)

Investments at Cost	Balance March 31, 1987	Acquisitions	Dispositions	Balance March 31, 1988
Bonds and Debentures:				
Government of Canada	$ 148,876	$ —	$ 148,876	$ —
Government of Saskatchewan	718,091	164,063	—	882,154
Government of Alberta	—	115,000	—	115,000
Government of Quebec	4,975	—	—	4,975
Ontario Hydro	1,417,275	—	—	1,417,275
Saskatchewan Union Hospitals	10,730	—	—	10,730
Corporate Debentures	350,000	250,000	—	600,000
Total	2,649,947	529,063	148,876	3,030,134
Equities:				
Bank of Nova Scotia	156,582	—	—	156,582
Total Long Term Investments	2,806,529	529,063	148,876	3,186,716
Short Term Investments	560,590	5,880,613	5,611,508	829,695
Total Investments	$ 3,367,119	$ 6,409,676	$ 5,760,384	$ 4,016,411